

**ONE HUNDRED FIRST LEGISLATURE - FIRST SESSION - 2009**  
**COMMITTEE STATEMENT**  
**LB657**

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**Hearing Date:** Monday March 02, 2009  
**Committee On:** Banking, Commerce and Insurance  
**Introducer:** Harms  
**One Liner:** Change the Microenterprise Development Act

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Christensen, Gloor, Langemeier, McCoy, Pahls, Pankonin,  
Pirsch, Utter

**Nay:**

**Absent:**

**Present Not Voting:**

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**Proponents:**

Senator John Harms  
Richard Baier

**Representing:**

Introducer  
NE Department of Economic Development

**Opponents:**

**Representing:**

**Neutral:**

Rose Jaspersen

**Representing:**

NE Enterprise Fund

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**Summary of purpose and/or changes:**

LB 657 (Harms) would amend sections regarding microenterprises. The bill would provide, section by section, as follows:

Section 1 would amend section 81-1276 of the Business Development Partnership Act to eliminate contracting to provide surety bond support from among the duties of the Existing Business Assistance Division of the Department of Economic Development.

Section 2 would amend section 81-1295 of the Microenterprise Development Act to harmonize an internal reference.

Section 3 would amend section 81-1296 of the Microenterprise Development Act to eliminate a legislative finding that commercial lending institutions are developing innovative ways to respond to this sector of the economy, including working with nonprofit community-based organizations.

Section 4 would amend section 81-1297 of the Microenterprise Development Act to provide that it is no longer a purpose of the act to establish the Department of Economic Development as the coordinating office for the facilitation of microlending and microenterprise development, and to provide that it shall be a purpose of the act to create a mechanism to deliver surety bond support services to microenterprises and other private entities.

Section 5 would amend section 81-1298 of the Microenterprise Development Act to eliminate the definitions of "commercial lending institutions," "microloan delivery organization," "operating costs," "selection process," and

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"statewide microlending support organization."

Section 6 would amend section 81-1299 of the Microenterprise Development Act to eliminate its existing provisions and would insert new provisions to provide that the Department of Economic Development shall select a single private, nonprofit organization to carry out the functions of the Microenterprise Partnership Program, and to provide that the department in selecting the organization shall consider the organization's ability to deliver a statewide program and the organization's ability to ascertain that the matching funds requirement described in section 81-12,102 (section 7 of the bill) is not by grant recipients.

Section 7 would amend section 81-12,102 of the Microenterprise Development Act to eliminate its existing provisions and would insert new provisions to provide that it is the intent of the Legislature to appropriate funds to the Department of Economic Development to be awarded as a grant to the private, nonprofit organization selected to carry out the purposes of the Microenterprise Partnership Program. This section would provide that the department may receive funds from local governments or the federal government, private foundations, or other sources. This section would provide that the private, nonprofit organization shall ensure that a recipient of a grant provides matching funds of at least twenty-five percent of the grant funds. This section would provide that at least fifty percent of the grants shall be disbursed in microloans which shall not exceed thirty-five thousand dollars.

Section 8 would amend section 81-12,104 of the Microenterprise Development act to eliminate provisions regarding the annual report for the Microenterprise Partnership Program.

Section 9 would amend section 84-612 to eliminate provisions requiring transfers of funds from the Cash Reserve Fund to the Microenterprise Development Cash Fund on July 9, 2007 and on July 7, 2008.

Section 10 would provide for repealers of amendatory sections.

Section 11 would provide for outright repeal of sections 81-12,100 (considerations for grants to Microloan delivery organization), 81-12,101 (use of grants to microloan delivery organization), 81-12,103 (department contracts with statewide microlending support organization), 81-12,105 (department rule and regulation authority), and 81-12,105.01 (cash fund).

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Rich Pahls, Chairperson